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City of Beatrice

*205 North 4th St.
Beatrice, Nebraska 68310*

December 7, 1992

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MAR 24 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Office of Secretary
Federal Communications Commission
1919 M Street N.W.
Washington, D.C. 20554

SUBJECT: Cable Television Consumer Protection & Competition of
1992

DEC 11 3 24 PM '92

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It is our understanding that legislation designated as S. 12 has now been enacted into law whose intent is to promote competition in the cable television industry and to prohibit unfair rate adjustments and other customer service abuses by operators of cable television systems. This communication is our City's assistance in the implementation procedure as provided by the Legislation to provide maximum protection of the subscribers of cable television.

First, let me indicate that we are a small community serving a population base of 12,000 to 15,000, of which 95% of the households subscribe to our local cable company. We have had a non-exclusive franchise for 25 years. Before "deregulation", our local mayor and city council had an opportunity to review proposed rate increases by our cable operator and had some authority in establishing fair, reasonable and non-discriminatory rates. As a result of "deregulation", we were plagued to adequately inform the citizen as to whether the rates being charged were fair, reasonable and competitive. Our local operators have always been a very small part of a much larger organization and have used that premise as to why they were unable to identify specific costs as it related to our particular system or community.

We would hope that the Commission would adopt new rules and regulations that would specifically require local cable operators to identify those costs as applied for local service so that a local governing agency is able to provide that information to the subscriber. These rules and regulations also need to provide some specifics regarding a "reasonable rate of return" to the company. The financial accounting needs to be formulated so that different communities, as well as different operators, could do some comparability so that some degree of reasonableness could occur as to operators from one community to another. A uniform system of accounts needs to be established to help accomplish this, not only for the governmental body but for the subscribers protection. Book values, not market values, need to be incorporated and requests for basic costs plus the added value of tiers need to be included in these rules and regulations.

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Federal Communications Commission
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It is our feeling that with 95% participation of all households in our particular community this certainly does not breed competition but merely provides for a monopolistic service without controls leaving the ultimate consumer at the mercy of the operator to determine the necessary pricing on a basis of "what will the market bear". It is our contention that you may find the average cable bill is not far from the average electric bill or the average natural gas bill, two very important functions needed for the health and safety of the general public while cable television has almost become a necessity of life without control. It further appears that ownership of local cable systems is held by a few large cable systems and has not operated as

CABLE TELEVISION

BASE RATES ONLY

	Basic	Value +	Franchise Fee	Total
3/01/80	\$ 6.41		.34	\$ 6.75
3/01/81	7.12		.38	7.50
3/01/82	7.12		.38	7.50
3/01/83	7.12		.38	7.50
3/01/84	7.12		.38	7.50
3/01/85	7.12		.38	7.50
3/01/86	9.02		.48	9.50
3/01/87	11.87		.63	12.50
3/01/88	14.72		.78	15.50
3/01/89	15.50		.78	16.28
3/01/90	17.95		.90	18.85
7/01/90	12.95	5.00	.90	18.85
4/01/91	13.95	6.30	1.01	21.26
3/01/92	14.60	7.00	1.08	22.68

RATE OF INCREASE

1981	11.08% increase	1987	31.5% increase
1982	0	1988	24.0% increase
1983	0	1989	5.3% increase
1984	0	1990	15.8% increase
1985	0	1991	12.8% increase
1986	26.7% increase	1992	6.7% increase

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It is felt that one way to offer competition is to allow municipal ownership of the entire system so that the municipality can benefit from other services by utilization of the physical plant. The local governing body then becomes the rate regulator subject to public meetings and financial aspects of the rates charges would provide maximum protection for rates paid by the ultimate consumer.

We would also suggest that the Commission give serious consideration that once the service is provided to a residence it is immaterial as to how many service connections inside that residence are being utilizing. For the cable operator to charge for the number of outlets inside of a residence is obsolete and outmoded and was changed many years ago even by the telephone companies. To indicate the number of electrical outlets or number of water faucets as a basis for charging for that electrical or water service to a particular household is also obsolete.